

PUBLIC SECTOR STRATEGIC MANAGEMENT: CASE STUDY OF ZAKAT COLLECTION IN AMIL ZAKAT AGENCY OF SOUTH SUMATERA PROVINCE, INDONESIA

Hardiyansyah, STIE Serelo Lahat Indonesia
Darwin Kesuma, STIE Serelo Lahat Indonesia
Nidyawati, STIE Serelo Lahat Indonesia
Darmin, STIE Serelo Lahat Indonesia
Kiagus Muhammad Sobri, Universitas Sriwijaya Indonesia

ABSTRACT

This research examines the strategic management of zakat collection at the South Sumatra Province Amil Zakat Board (BAZ Sumsel), Indonesia. This research is important to do because until now, the zakat funds that can be collected is still very little when compared to the existing zakat potential. The purpose of this research is to find out what strategies the South Sumatra BAZ should take so that the collection of zakat becomes more optimal.

The method used is a mix method with SWOT analysis techniques. The results showed that (1) BAZ South Sumatra did not have professional management; (2) low public trust from zakat payers (muzakki) and (3) the collection of zakat funds from muzakki in government agencies is not optimal. Therefore, the BAZ South Sumatra zakat collection strategy that can be done is to increase professionalism in institutional management, increase public trust and optimize the collection of zakat muzakki funds in government agencies.

Keywords: Strategic Management, Zakat Collection, The Amil Zakat Agency.

INTRODUCTION

The number of South Sumatera Provinces' population in 2019 is 8,391,489 inhabitants in which 91.74 per cent (7.7 inhabitants) are Muslims with a poverty rate of 12.82 per cent in September 2018. This provincial poverty rate is significantly greater than the national poverty rate which is 9.66 per cent (BPS, 2019). If this poverty issue is not resolved, thus it can create social vulnerability, and the collection of potential zakat can be one solution to alleviate poverty. Assume that 20 percent of the Muslim population are zakat payers (muzakki), thus the number of zakat payers will be more than 1,540,000 inhabitants. Suppose that each muzakki pays IDR 1,000,000,- per year or as much an IDR 83,000,- per month for his zakat (zakat for assets, trade, agriculture, professional zakat or other types of zakat), then the zakat fund collected will be more than IDR 1.5 trillion per year or more than IDR 127 million per month. This shows a huge potential source of funds for the BAZ Sumsel. According to the research of the Amil Zakat National Agency (BAZNAS) and Bogor Agriculture Institute, the potential for zakat collection in the South Sumatera Province is IDR 2.3 trillion (Sobri, 2015). It indicates a huge potential of zakat collection as it did not manage optimally and professionally.

Currently, the office managing the zakat funds for South Sumatera Province is the Amil Zakat Agency of South Sumatera Province (BAZ Sumsel). There are some other zakat fund managers that are managed by the private sector or community, such as Rumah Zakat, Dompot Dhuafa, Muhammadiyah Amil Zakat Institution, Pos Keadilan Peduli Umat (PKPU), etc. BAZ Sumsel is one of the many existing zakat fund managers which has been formally established in South Sumatera Province. During 2017, BAZ Sumsel managed to collect zakat funds from the institution and the individual (muzakki) amounting to IDR 2,236,596,628.28 and IDR 630,959,171.00 subsequently. Thus, the total zakat fund collected in 2017 is IDR 2,236,596,799.28 (Alkahfi, 2018) and it is relatively low when compared to the existing potential zakat funds that can be collected, that are 5%. Using this small amount of zakat funds collected, various programs and activities are supported such as Sumsel Cerdas, Sumsel Peduli, Sumsel Taqwa and Sumsel Makmur.

Several issues affect the success of zakat fundraising that is (1) the expansion of the scope of assets that are obligatory for zakat; (2) professional management; (3) well-distributed of zakat fund (Hardiyansyah et al., 2019). Another issue that arises is the lack of trust of Muslims in particular obligatory zakat or muzakki towards BAZ Mustofa in Yafie, 2000); lack of professionalism in the management of BAZ (Suprajogo & Tjokrowinoto, 1996); lack of community understanding of zakat and types of income that is required to pay zakat; lack of transparency from zakat managers; lack of publication of the importance of zakat; double payment issue that is tax payment and zakat payment (Antonio, 1996); and uncertainty of economic condition. Meanwhile, according to Saefuddin (2007), Muslims are still reluctant to pay zakat, infaq, and sadaqah because they do not receive the direct benefits as only the recipient (mustahiq) who directly benefits from it.

An improvement of zakat management institution is urgently required and it considerably requires a strategic-revamping to meet the community's expectation, which is a trustworthy, transparent and professional zakat institution such as BAZ Sumsel. As stated by Saefuddin in Ramulyo (1991) that to achieve a trustworthy, transparent and professional zakat institution, it is necessary to establish an institutional and management of zakat that is sophisticated, resilient and strong as well as capable of solving problems of people's welfare now and in the future. Therefore, the zakat collection management is of importance to be examined as it contributes huge funding for all social activities in particular for the poverty program activities and social inequality program activities. The economic crisis that occurred in Indonesia has increased poverty rates. To overcome this problem, zakat will likely be an alternative solution that can be utilized (Mukhlis & Beik, 2013). Based on the facts, data and phenomena discussed, the formulation of the problem to be investigated is: *“What strategies should be adopted by the BAZ Sumsel so that the collection of zakat funds increases?”*

LITERATURE REVIEW

Management Strategic

Strategic management and strategic planning is a concept and theory that is discovered scientifically by the experts and scientists for the organization to stay focus on the track of their goal. According to Jauch & Glueck (1988), strategic management is some decisions and actions that leading to strategy development. It is also some effective strategies to achieve the goals of the organization or company. Meanwhile, according to Digman (1990), strategic management is a continuous process carried out by the organization due to internal and external changes.

Furthermore, Wheelen & Hunger (2012) assert that strategic management is a series of managerial decisions and actions that determine the company's performance in the long-term. Strategic management includes environmental observation, strategy formulation (strategic planning or long-term planning), strategy implementation, and evaluation and control. Strategic management emphasizes the observation and evaluation of environmental opportunities and threats by scrutinizing at the strengths and weaknesses of the company. Originally, strategic management is called business policy which includes planning a long-term strategy.

Moreover, Burhan in Hardiyansyah et al. (2019) argues that the backbone of strategic management is strategic planning. Indeed, it does not constitute the whole of "strategic management", but it is the main step to carrying out strategic management. As we know that strategic management and operations are interrelated. Strategic management provides direction and limits for operational activities.

Strategic management consists of three processes: first, strategy making, which includes the development of long-term missions and goals, identification of opportunities and threats from the external environment as well as strengths and weaknesses of the company, the development of strategic alternatives, and determining appropriate strategies to be adopted. Second, the implementation of strategies, which includes determining annual operational goals, determining company policies, motivating employees and allocating resources so that the strategy can be implemented. Third, strategic evaluation, which includes efforts to monitor all the results of strategy implementation, including measuring the performance of individuals and companies, taking corrective steps if needed. Strategic management focuses on combining a marketing, research and development, financial and accounting, and operational aspects of a business (Wahyudi, 1996).

Based on the description above, although the concept of strategic management is more widely applied to business companies, the concept can also be applied to non-business or non-profit organizations, including public sector organizations or government. Strategic management is a process that focuses on achieving the company's goals through a series of activities and stages that are interrelated with each other based on historical information, current information and the company's future forecast. Therefore, change is one element of the organization that will affect some or all other elements of the organization. The process of making, implementing, and evaluating strategies is a sequential process between one element and another. Therefore it is necessary to create feedback at each early stage of the process to evaluate whether the strategy taken will benefit the organization or vice versa.

Strategic Planning

The basic logic of strategic planning according to Fakhri (2005) is that an organization requires the ability to adapt to planning and management appropriately in a rapidly changing and uncertain environment. The ability to constantly map the internal environment is a prerequisite for the organization to remain strategic. Strategic planning is a disciplined effort in making important decisions and actions that shape and direct how an organization, what the organization does and why it is done (Bryson, 2018). An organization can formulate strategies to overcome external threats and seize opportunities. According to Ranguti (2006), the process of analysis, formulation and evaluation of these strategies is called strategic planning. Strategic planning is a result-oriented process to be achieved for one to five years which considers the potential, opportunities, and obstacles that exist or may arise. Strategic planning contains a realistic vision, mission, goals, objectives, program policies and activities by anticipating future uncertainty.

Utomo (2006) argues that strategic planning includes: (1) vision which is a picture of the expected future, (2) mission which is the tasks to be carried out. (3) Issues obtained through internal and external environmental analysis, and (4) strategy which is an effort to realize the vision. Meanwhile, Burhan in Hardiyansyah et al. (2019) argues that strategic planning is the backbone of strategic management. Indeed, it is not the whole of “*strategic management*”, but is the main step to carry out strategic management. Strategic planning is a system in which one part with another part is interrelated. As a system, Lorange (1998) stated that strategic planning must address four important issues, that is: where are we going? (Mission); how do we go there? (strategy); what is the blueprint of our actions? (Budget); and how do we know if we are on the right track? (Control).

Poister (2010) asserts that in public sector strategic management, there are three basic things in terms of managing public institutions, namely: 1) Switching from strategic planning to strategic management; 2) Moving from performance measurement to performance governance, and 3) linking strategy and performance management more effectively. Thus, these three transitions will be very important to enable public institutions to focus on the most appropriate goals and effective management to achieve public organization goals.

Zakat Management

There are two dimensions of the main purpose of zakat namely, spirituality (individual) and socioeconomic to empower and improve the status of the people (Sari et al., 2013). Aini (2016) asserted that a zakat is a form of worship that has two dimensions that are vertical and horizontal dimension. A vertical dimension is a form of obedience of a servant to his Lord, and a horizontal dimension (social dimension) is a form of a caring attitude towards fellow Muslims. For these two dimensions of zakat to be achieved, zakat must be managed properly, by following management principles. According to Widodo & Kustiawan (2001), healthy zakat management should meet some criteria that are trustful, professional and transparent. Thus, a clear management system and rules are required, common interests are upheld, and the achievement of objectives is held. According to Yafie (1997), although zakat potential is not as huge as taxation potential, however, if zakat funds are collected properly, it can be massive and dependable sources to support the overall society development in particular for poverty alleviation.

RESEARCH METHOD

This study employs a survey method. The survey was conducted through in-depth interviews with selected informants, to know: who they are, what they think, feel, or are likely to take action. Field observations are used to analyze the actual conditions that exist within the BAZ Sumsel as public sector organization and the information obtained is relevant to the research objectives. In-depth interviews were conducted with the Chairperson, secretary, treasurer, head of zakat collection division, head of empowerment division and all staffs of the BAZ Sumsel, the Head of the Regional Office of the Ministry of Religion in the Province of South Sumatera, the Head of the Islamic Affairs Division in South Sumatera Province, several muzakki and some mustahik. Secondary data is obtained through documentation or written documents in the form of report materials, laws and regulations, archives, and various references and statistical data from various organizations.

The research method used is a mixed-method, which combines qualitative data with quantitative data. The two data complement each other and are very much needed for the

analysis. While the data analysis technique employs SWOT analysis. A SWOT analysis is required to compare all data obtained as a guide for determining strategic issues. SWOT analysis is illustrated in Table 1 below:

	Strengths	Weaknesses
Opportunities	Using strengths to gain opportunities Strategy (SO)	Overcoming weakness using opportunities Strategy (WO)
Threats	Using strengths to overcome threats Strategy (ST)	Minimizing weakness and overcoming threats Strategy (WT)

Source: Langford & Male (2008)

According to Rangkuti (2006), the SWOT matrix can produce four sets of possible alternatives strategy, which is SO strategy, ST strategy, WO strategy and WT strategy. SO strategy utilizes all the power to seize and take advantage of opportunities as much as possible. ST strategy uses the company's strengths to overcome threats. WO strategy utilizes existing opportunities by minimizing existing weaknesses. WT strategy uses activities that are defensive and attempts to minimize existing weaknesses and avoid threats.

FINDINGS AND DISCUSSIONS

Based on the results of data collection and analysis of the strategic environment, the SWOT analysis result provides a description of the external environment providing opportunities and threats to the collection of zakat funds by BAZ Sumsel and also a description of the internal environment providing the strengths and weaknesses for the BAZ Sumsel in the effort of collecting zakat in the area of South Sumatera Province.

Opportunities

There are some opportunities arises in the BAZ Sumsel that is (1) support from the central and regional government; (2) an increasing amount of savings funds by the public; (3) increasing population as zakat payers; (4) increasing religious awareness; (5) increasing development of tertiary institutions and information and communication technology.

Support from the government can be seen through various law and regulation issued related to Zakat. One form of support and commitment by the government is the issuance of Law Number 38 of 1999 concerning Management of Zakat, in Article 14 paragraph (3) of the Act, it is stated that: "Zakat that has been paid to amil zakat bodies or amil zakat institutions is deducted from profits / taxable residual income from the relevant taxpayer per under applicable laws and regulations. Further, it is stated that the deduction of zakat from profit / taxable residual income is aimed at lowering the taxpayers' expense in which they should pay taxes and zakat at once. An awareness of paying zakat may stimulate awareness of paying taxes. The law was subsequently followed by Minister of Religion Decree No. 581 of 1999 concerning the Implementation of Law No. 38/1999 about Zakat Management. Then followed by the Decree of the Director-General of Islamic Community Guidance on Hajj Affairs No. D/291 of 2000 concerning Zakat Management Technical Guidelines. Based on the legislation above, the South Sumatera Province Amil Zakat Agency (BAZ) was formed with the Decree of the Governor of South Sumatra Province on June 20, 2001 Number: 352/SK/V/2001 and Number: 404/SK/III/2001 on July 23, 2001, Concerning

the Establishment of the BAZ Province of South Sumatra for the 2001-2004 term of service and renewed with Decree Number 433/KPTS/V/2005 dated July 12, 2005, for the 2005-2008 term of service; then renewed through the Governor of South Sumatra Decree No. 269/Kepts/I/2009 for the 2009-2012 period. To improve services, a Zakat Collection Unit (UPZ) was formed with the task of serving Muzakki in submitting his zakat, infaq and shadaqah. UPZ was formed in each Government Agency/Institution, BUMN, BUMD, Provincial Private Enterprise.

The increasing amount of savings funds by the public can be seen from the development of the amount of savings from year to year. The collection of third party funds (DPK) in South Sumatra reached IDR 63.18 trillion in which there was a growth of 5.73%. This condition increased when compared to the previous quarter which contracted by 4.04%. The increase in deposits occurred in all components of savings, such as demand deposits increased by 6.86%, savings increased by 8.33%, and deposits increased by 2.16%. The portion of savings in collecting deposits in South Sumatra reached 48.66%, while the portion of demand deposits and deposits amounted to 13.83% and 37.51% (BI, 2017). Based on data reported by the Financial Services Authority (OJK) Regional Office of Southern Sumatra 7 (KR 7 Sumbagsel), DPK collected by banks in South Sumatra reached 36.5 percent or IDR 31.62 trillion of total third party funds valued at IDR 86.65 trillion per 2019.

An increase in population will increase the potential for zakat. Based on the 2017 population projection, the population of South Sumatra Province is 8,266,983 inhabitants consisting of 4,200,735 inhabitants of the male population and 4,066,248 inhabitants of the female population (BPS, 2019). When compared with the projected population in 2010, the population of South Sumatra Province experienced a growth of 1.44 percent of which 8,188,045 people or 99% were Muslims (BPS, 2019). If there are only 20% of the total Muslim populations who become obligatory zakat, then the potential for zakat in South Sumatra will be considerably large.

Increasing religious awareness can be seen from the increasing number of worship facilities such as the number of mosques and mushallas. There are five religions in South Sumatra namely Islam, Catholicism, Christianity, Buddhism and Hinduism. In 2017, places of worship were dominated by places of worship for Islam with a total of 28,702 mosques, prayer rooms and langgar (BPS, 2019). In addition, the enthusiasm of people to perform the pilgrimage and umrah also continues to increase where religious activities are increasingly being carried out by Muslims through various taklim assemblies (majelis taklim). Majelis taklim is an association of Muslim communities which aims to learn Islamic studies and the Qur'an recitation.

The increasing development of higher education and information and communication technology also affects the awareness of paying zakat where most people are currently more educated and can access any information related to zakat through the vast technology available. Moreover, currently, the zakat management program is increasing and widely offered by universities to cope with the demand. Further, there are 99 private and state universities in South Sumatra Province providing opportunities to transfer science and technology to the management BAZ Sumsel. They offered some training related to the use of computer programs and internet technology. The world has become highly competitive due to the vast changing of information and communication technology where it affects every aspect of life in particular in the organization sector. BAZ Sumsel as a non-profit organization should be able to adapt in that vast changing environment so that they will continue to thrive in future. The utilization of technology in the management of BAZ Sumsel can be applied to start from the zakat collection, zakat distribution, the zakat funding flow including all disbursement of zakat funds so that all of those

activities can be reported accurately and timely as well as accessible by the wider community and all stakeholders.

Threats

Some internal aspects may become threats to BAZ Sumsel, that is (1) low public trust from the zakat payer (muzakki) and a low number of muzakki; (2) people are not accustomed to distributing zakat to Amil zakat bodies; (3) a prolonged economic crisis; and (4) low awareness of zakat importance for Muslim.

A low public trust from the zakat payer (muzakki) can be seen from the low number of muzakki who pay their zakat to BAZ Sumsel. According to muzakki who works at the government agencies, there is no official report relating to zakat, infaq, and sadaqah that they have paid to the BAZ Sumsel which were deducted monthly from their salary. This leads to their distrust as they wondered how much the zakat fund have been collected and to whom the zakat fund is delivered. This shows no transparency of the zakat funds organized by the BAZ Sumsel. It can be concluded that the low public trust is a result of no transparency of the zakat fund management. Besides, the zakat fund collected is lower compared to the existing potential zakat.

People who are not accustomed to paying zakat through amil zakat bodies caused the low amount of zakat funds collected by the BAZ Sumsel. Based on information acquired from various components of society, people used to pay the zakat directly to the zakat beneficiary in whom they tend to give that zakat to their close relatives or household servants, or poor people in the village.

The prolonged economic crisis in Indonesia is exacerbated by various natural disasters occurred, the weakening of the rupiah exchange rate against foreign currencies, as well as the increasing prices of goods and necessities which in turn resulting in decreased purchasing power. If such conditions continue for a long time, it is feared that the poverty rate will increase. In the end, this can cause the possibility of people who have been included in the category of muzakki (zakat payers) turning into mustahiq (zakat recipients).

Low awareness of zakat importance for Muslim can be seen by the lower number of zakat payers. Thus far, most Muslim solely consider a zakat obligation is merely associated with zakat fitrah (zakat fitrah is zakat that is mandatory paid in the holy month of Islam that is Ramadhan month). Zakat is not solely associated with zakat fitrah in which there are some other types of mandatory zakat such as zakat from assets, zakat from trading, zakat from monthly salary, etc. This is not limited only to the low understanding of the types of zakat but also the understanding of how those types of zakat payments are calculated.

Strengths

Some internal aspects may become strengths to BAZ Sumsel, that is: (1) an adequate number of officers and high morale of the BAZ Sumsel's officers; (2) one of the five pillars of Islam is paying zakat, and this is mandatory for Muslims to uphold this pillar of Islam. Moreover, a command to paying zakat is mentioned twenty-seven times in the Quran; (3) a clear vision and mission of the BAZ Sumsel; (4) mechanism and workflow of the BAZ Sumsel are well-maintained.

According to the data from the BAZ Sumsel, there are 13 officers and all of them have a diploma and undergraduate degree. Some of them came from various qualified backgrounds such

as community leaders, religious scholars, scholars and bureaucrats. Thus, their integrity is guaranteed.

One of the five pillars of Islam is paying zakat, and this is mandatory for Muslims to uphold this pillar of Islam. Moreover, a command to paying zakat is mentioned twenty-seven times in the Quran. Thus, most Muslims is obliged to pay the zakat. As mentioned before, most Muslim solely considered a zakat obligation is merely associated with zakat fitrah and neglected some other types of mandatory zakat such as zakat from assets, zakat from trading, zakat from monthly salary, etc. This is also caused by the perception that zakat is merely social service worship which is considered to provide less direct benefit to the payers. Indeed, zakat also has the same compulsory value as with prayers in which the zakat paying commands are simultaneously mentioned twenty-seven times along with prayers obligations.

Drucker (1994) emphasizes that an organization should have an understanding of goals, and in the case that the goals are not fully understood by all employees, then the organization will go astray. An understanding of goals will greatly help to expand the mission to become a "vision of success". Mission, in other words, explains the purpose of what the organization is, or why the organization must do it. According to the data, the BAZ Sumsel has a clear vision and mission that is to be the centre for the collection and utilization of zakat, infaq and sadaqah to empower and prosper the people of Indonesia. With this vision, the BAZ Sumsel carries out well-administrative tasks, that is: (1) zakat collection, distribution and utilization; (2) data collection and processing needed for the preparation of zakat management plans; (3) organizing guidance in the management, collection, distribution and utilization of zakat; and (4) organizing research and development, communication, information, and education program on zakat management.

A well-maintained mechanism and workflow of the BAZ Sumsel can be seen from the BAZ Sumsel accounting system. This accounting system consists of an accounting system for receiving zakat deposits consisting of documents used, accounting records used, functions related to receiving zakat, procedures for receiving zakat funds via banks and receiving zakat directly, and elements of internal control. Likewise, the documents used for the accounting system for the distribution of zakat, both scheduled and unscheduled-distribution, functions related to distribution activities, and internal control elements. All of these processes are conducted neatly and the procedures and records are accountable (Source: BAZ Sumsel Accounting System).

Weaknesses

Some internal aspects may become weaknesses to BAZ Sumsel, that is: (1) the officers is incompetent in management; (2) inaccurate data of muzakki (zakat payers) and mustahiq (zakat recipients); (3) lack of transparency and accountability from the zakat management officers; (4) lack of publication and promotion of the zakat as a non-profit institution; (5) lack of facilities and infrastructure, and a non-strategic office location.

Working at the BAZ Sumsel is considered a voluntary job in which most of the officers have their other permanent job, thus making them considered unprofessional. According to Hafidhuddin (1998), Amil Zakat employees must be full-time workers as there are heavy duty and a huge responsibility towards the public. Moreover, there are some strict requirements to be Amil Zakat officers, that is (1) he/she is Muslim; (2) he/she is mukallaf; (3) he/she should be trustworthy; (4) he/she should fully-understand the law of zakat; (5) he/she should have the ability and capability to run the zakat management. If one meets those requirements then he/she

is entitled to receive a few parts of the zakat (mustahiq). In the case that the officers do not fully exercise their main duties, such as they collect the zakat in the holy month only, thus they cannot be considered as mustahiq, and at the most, they only can be considered as the committee of zakat (lajnah). Therefore, it can be concluded that the management of BAZ Sumsel is yet professional.

Inaccurate data of muzakki (zakat payers) and mustahiq (zakat recipients) is caused by insufficient data enumerators for zakat, and currently, the database system of zakat payers and zakat recipients is yet to be built. The lack of this database affects all the programs in the BAZ Sumsel. For example, if there is a sufficient database, then the data can be used to make future planning and programs. The database can locate all the zakat payers and zakat recipients and this data should be updated quarterly. The current situation of the BAZ Sumsel does not fully adhere to the Law No.38 of 1999 as it is stated that one of the requirements for the legalisation of the Amil Zakat institutions is that the Amil Zakat institution should have the data of zakat payers (muzakki) and zakat recipients (mustahiq).

Lack of transparency and accountability from the zakat management officers is one of the weaknesses of the BAZ Sumsel. One indicator of transparency is the reporting of all zakat collection and distribution activities in particular where the fund is distributed (pentasyarufan) and the list of zakat recipients who are entitled to receive it. This report is very vital to maintain the trust of the community, especially from the muzakki who have deposited their money to the BAZ Sumsel. According to the interview records from the muzakki, it can be concluded that they still doubt the BAZ Sumsel management, as they never received a formal report relating to the zakat distribution in which it created public' mistrust.

Furthermore, lack of publication and promotion of the zakat as a non-profit institution has brought a low performance of the BAZ Sumsel over the years. For a product to be known to the public, a promotion is a must and should be done continuously. Likewise with the BAZ Sumsel as a public entity, thus it should be promoted so that people are more familiar with it. There are currently a variety of media to promote the BAZ Sumsel, both offline and online media. To promote the entity, a well-created slogan is required to attract more community. Similar organizations that manage zakat collection have also carried out various promotions aggressively using special bulletins, brochures, newspapers, and the internet. In the end, these organizations are now widely known by the public. When compared to those other zakat institutions, the BAZ Sumsel is apparently left behind. Even though the BAZ Sumsel has long been established before those other zakat institutions. According to the interview records, the BAZ Sumsel is questionable in terms of their management as there is no formal report relating to the zakat collection and distribution. For example, the muzakki stated that how much zakat is collected and where the funds are distributed is unclear. There is no damage if the BAZ Sumsel provides a regular bulletin related to the service program and a formal report of zakat collected and distributed of the BAZ Sumsel.

The BAZ Sumsel has lack of facilities and infrastructure and a non-strategic office location. The existence of facilities and infrastructure for an organization is very important. Without sufficient facilities, it is certainly difficult for organizations to carry out their daily activities. It can be concluded that the existing facilities and infrastructure of the BAZ Sumsel is still lacking. One of the staff of the BAZ Sumsel said that the insufficient existing facilities and infrastructure of the BAZ Sumsel lead to lower performance and poor professionalism. Additionally, a non-strategic office location of the BAZ Sumsel exacerbated the current condition as many people do not know the BAZ Sumsel office location is. Moreover, it is

difficult to reach the office for those mustahiq who do not have their vehicle and came from a remote area.

The SWOT matrix of the BAZ Sumsel is shown in Table 2 below.

Table 2		
THE SWOT MATRIX OF THE BAZ SUMSEL IN COLLECTING ZAKAT		
	Strength (S)	Weaknesses (W)
	<ol style="list-style-type: none"> 1. A good quality of the BAZ Sumsel managers and officers 2. A clear vision and mission 3. A good work mechanism 4. An obligation to pay zakat by Qur'an. 	<ol style="list-style-type: none"> 1. Unprofessional management 2. Inaccurate of muzakki and mustahiq database 3. Lack of transparency and accountability 4. Lack of publication and promotion 5. Lack of facilities and infrastructure, and a non-strategic office location
Opportunities (O)	Strategy SO	Strategy WO
<ol style="list-style-type: none"> 1. Support from the local and regional government 2. An increase in income 3. An increase in population and zakat potentiality 4. An increase in religious awareness 5. Vast development of higher education and technology 	<ol style="list-style-type: none"> 1. Optimizing the collection of zakat from muzakki at government agencies 2. Expanding the muzakki segment in private and individual agencies 	<ol style="list-style-type: none"> 1. Increase the professionalism of the BAZ Sumsel managers and officers 2. Providing the facilities and infrastructure of the BAZ Sumsel office
Threats (T)	Strategy ST	Strategy WT
<ol style="list-style-type: none"> 1. Lack of public trust in the BAZ Sumsel 2. The lower number of muzakki who deposit their zakat on the BAZ Sumsel 3. Unawareness of zakat obligation 4. A prolonged economic crisis 	<ol style="list-style-type: none"> 1. Increasing public trust towards the BAZ Sumsel 2. Providing an active campaign of the zakat importance and promotion of the BAZ Sumsel 	WT strategy cannot be found

Source: SWOT analysis result from the BAZ Sumsel

Based on the results of the SWOT analysis covering the external and internal environment of the Sumatran BAZ organization, it can be concluded that there are three approaches for identifying strategic issues (Bryson, 2018), that is: (1) direct approach; (2) objective approach; and (3) vision of success' approaches. Which approach is best depends on the nature of the organization or community? In identifying the issues that arise, this research is conducted through a direct approach that is commonly used by public service organizations or non-profit organizations. The direct approach is conducted by reviewing the mandate, mission and SWOT analysis through various questions (Bryson, 2018) as follows: what is the issue?;

what factors (mandate, mission and SWOT) make it a strategic issue?; and what are the consequences of failing to deal with the issue?

This study used Litmus test. Litmus Test is used to measure the magnitude level of the strategic level of an issue occurred (Bryson, 2018). This litmus test is commonly used in non-profit organizations or public and social organizations. This research was conducted at BAZ Sumsel, a non-profit organization to raise zakat funds in South Sumatra Province. The Litmus test uses score 1 to 3. The value of 1 indicates that the issue is operational and the value of 3 indicates that the issue is strategic. Thus the value of Litmus test in this study can be categorized as follows:

- a. A non-strategic group with a total value of 13 to 21
- b. An adequate strategic group with a total value of 22 to 30
- c. A strategic group with a total value of 31 to 39

Based on the results of a strategic environmental analysis of the Litmus Test and the results of interviews, the overall assessment of these issues in this study is as follows (Table 3).

No	Issues	Values for each group of questions													Total Value (category)
		1	2	3	4					5	6	7	8	9	
					a	b	c	d	e						
1	Zakat collection from muzakki at government agencies is not optimal	2	3	2	3	3	3	3	3	2	3	3	3	2	33 (Strategic)
2	The individual muzakki segment has not been expanded	1	3	1	3	3	1	3	3	2	3	2	3	2	30 (Adequate strategic)
3	Management of the BAZ Sumsel is not yet professional	3	3	3	3	3	3	3	3	3	3	3	3	2	38 (Strategic)
4	Lack of facilities and infrastructure of the BAZ Sumsel office	2	3	2	3	3	1	3	3	2	2	2	2	2	30 (Adequate strategic)
5	Low public trust towards the BAZ Sumsel	3	3	2	3	3	3	3	3	3	3	3	3	2	37 (Strategic)
6	Lack of publication and promotion of the BAZ Sumsel as the Amil Zakat institution	2	2	2	3	3	1	3	3	1	2	2	3	1	28 (Adequate strategic)

Source: Litmus Test Result

There are three strategic issues according to the Litmus Test results above, that is:

1. Management of the BAZ Sumsel is not yet professional;
2. Low public trust towards the BAZ Sumsel;
3. Zakat collection from muzakki at government agencies is not optimal.

Development Strategy of the BAZ Sumsel

Based on an analysis of external and internal environmental factors, SWOT analysis and Litmus Test result, some strategies that could be considered to improve the performance of the BAZ Sumsel and increase the zakat collection in South Sumatera is as follow: (1) increased

professionalism; (2) increased of public trust; and (3) increased zakat collection from muzakki in the government agencies.

Some steps that should be taken to improve professionalism in management is restructuring the management board and the employees' post. Those who do not meet the qualifications to manage the office as mentioned in the Law No. 38, 1999 of Article 6 paragraph 4 that is "among others those that have the nature of trust, fair, dedicated, professional, and high integrity are suitable in managing the zakat office. To date, people who sit on the management board are well-known figures such as community leaders, religious scholars, scholars, entrepreneurs and bureaucrats. Those people have already owned tight schedules on hand and thus less time can be allocated to manage the zakat office. Indeed, it is important to have such figures in the BAZ Sumsel to strengthen the image of the BAZ Sumsel and improve public trust. Therefore, those well-known figures should only occupy a non-daily post such as the board of trustees, the advisory board, or the regulatory board. Not only that, but the organizational structure must also be made as simple and as lean as possible so that they can carry out their duties as best they can, but it should be as sophisticated as possible to meet the current technology development and economic condition. Moreover, increasing the number of staff is needed because of the large number of tasks that are carried out for a relatively wide scope of work. The addition of staff must be arranged carefully because their main task is to manage public funds. Therefore the staff needed is those who have the qualifications as described previously. A sufficient and representative of the facilities and infrastructure of the BAZ Sumsel is important in the efforts to improve professionalism. Thus, each person involved in the management of the BAZ Sumsel will have a sense of belonging towards the organization and that means they should fully be professionally employed as the amil zakat of the BAZ Sumsel.

A strategy that could be taken into consideration to increase public trust, such as using both auto system and conventional system in their work process. The BAZ Sumsel should design a working system that auto responds by using a software that has been programmed. Thus the system used will be able to record every activity in the BAZ Sumsel and the report can be accounted for. The system built should guarantee the validity of the data of zakat collection and distribution in which the system built is designed to work automatically. This system will guarantee transparency, effectivity, accountability promptly. Thus, it is necessary to decide what technology implementation models can be used. The database of muzakki from various agencies, such as government and private institutions and individual, is required including their address. To facilitate the zakat fund to those that are eligible to receive it (mustahiq), then the database of mustahiq is of importance. This includes the number of muzakki and mustahiq updated regularly. Further, the flow of zakat fund should be reported regularly using offline and online media so that the muzakki is assured that their fund is well-allocated. In the end, to guarantee transparency and accountability, auditing of the financial statement of the BAZ Sumsel is mandatory by a public accountant.

Some actions should be taken to increase zakat collection from muzakki in the government agencies is as follows: First, updating the number of muzakki in government agencies such as offices, agencies, regional offices, PTN, BUMD, and BUMN; Second, classifying Muzakki according to class, education, position and term of tenure; Third, providing seminars on the importance of zakat by inviting prominent figures who have been active in zakat management, such as from the BAZ DKI Jakarta, Rumah Zakat, Dompot Dhuafa, or from the Community Care Justice Post (PKPU) amil zakat body that has been accredited; Fourth, collaborating with the executive, legislative, and leaders of government agencies to encourage all

Muslim staffs that have fulfilled the nishab limit to pay zakat to the BAZ Sumsel using a direct deduction from their monthly salary. Thus, it is necessary to issue a specific regulation as a follow-up to the Law No. 38/1999 concerning Management of Zakat; Sixth, distributing the zakat funds collected from government agencies to civil servants in category I and II. A priority should be given to those civil servants who are in the needs. The zakat distributed could be allocated in the form of scholarships for their children or of working capital for their household industries.

CONCLUSION

It can be concluded that (1) the BAZ Sumsel does not have professional management; (2) low public trust from the zakat payer (muzakki) and (3) the zakat fund collection from muzakki at the government agencies is not yet optimal. Therefore, some strategy of the zakat collection of the BAZ Sumsel that could be implemented is to improve professionalism in their organization management, raise public trust and optimize the zakat fund collection from muzakki at the government agencies.

REFERENCES

- Aini, Q. (2016). The urgency of zakat and waqf management for improving community welfare. *ZISWAF: Journal of Zakat and Waqf*, 1 (2), 1-25.
- Alkahfi, A. (2018). *The role of the Amil Zakat board of south Sumatra province in collecting and distributing zakat funds as an effort to improve the welfare of the underprivileged in Palembang City*. Unpublished doctoral dissertation, UIN Raden Fatah Palembang.
- Antonio, M.S. (1996). *Zakat and tax are different concepts*. *Republika Online*, 12.
- BI. (2017). Regional economic and financial studies of south sumatra province. representative office of bank indonesia, south sumatra province. Retrieved from https://www.bi.go.id/en/ruang-media/siaran-pers/Pages/sp_169414.aspx
- BPS. (2019). *Sumatera Selatan Province in Figures 2018*. BPS-Statistics of Sumatera Selatan Province. Retrieved from <https://sumsel.bps.go.id/>
- Bryson, J.M. (2018). *Strategic planning for public and nonprofit organizations: A guide to strengthening and sustaining organizational achievement*. John Wiley & Sons.
- Digman, L.A. (1990). *Strategic management: Concepts, decisions, cases*. Business Pubns.
- Drucker, P. (1994). The university art museum: defining purpose and mission. *Museum Management*, 115-117.
- Fakih, M. (2005). *Strategic Planning for Social Organizations*. Yogyakarta: Pustaka Pelajar.
- Hafidhuddin, D. (1998). *Practical guide on zakat and alms*. Jakarta: Gema Insani Press.
- Hardiyansyah, H., Syah, L.Y., & Mellita, D. (2019). *Public sector strategic management*. Yogyakarta: Gava Media.
- Jauch, L.R., & Glueck, W.F. (1988). *Business policy and strategic management*. McGraw-Hill.
- Langford, D., & Male, S. (2008). *Strategic management in construction*. John Wiley & Sons.
- Lorange, P. (1998). Strategy implementation: the new realities. *Long range planning*, 31(1), 18-29.
- Mukhlis, A., & Beik, I.S. (2013). Analysis of the factors that influence the level of compliance with paying zakat: A case study of Bogor Regency. *Al-Muzara'ah*, 1 (1), 83-106.
- Poister, T.H. (2010). The future of strategic planning in the public sector: Linking strategic management and performance. *Public Administration Review*, 70, s246-s254.
- Ramulyo, M.I. (1991). The effectiveness of zakat services is one of the supporting sectors of the national economic growth rate. *Journal of Law & Development*, 21 (4), 343-358.
- Rangkuti, F. (2006). *SWOT analysis techniques dissecting the business case*. Jakarta: PT Gramedia Pustaka Utama.
- Saefuddin, A.M. (2007). *Islamic economic system values*. Jakarta: P.T. Samudra.
- Sari, M.D., Bahari, Z., & Hamat, Z. (2013). Review on Indonesian zakah management and obstacles. *Social Sciences*, 2(2), 76-89.

- Sobri, T. (2015). The potential for Zakat in South Sumatra is IDR 2.3 trillion. Retrieved December 10, 2019, from <https://www.republika.co.id/berita/dunia-islam/wakaf/15/02/17/njx56y-potensi-zakat-di-sumsel-rp-23-triliun>
- Suprajogo, T., & Tjokrowinoto, M. (1996). *Professionalization of zakat management at the Bazis Institution: Case study of zakat infag sodaqoh management at the Sodaqoh Infag Zakat Agency (BAZIS) Malang Municipality, East Java*. Unpublished doctoral dissertation, Gadjah Mada University.
- Utomo, W. (2006). *Indonesia's new public administration: A paradigm shift from state administration to public administration*. Yogyakarta: Pustaka Pelajar.
- Wahyudi, A. S. (1996). *Strategic management: An introduction to the strategic thinking process*. Jakarta: Binarupa Aksara.
- Wheelen, T.L., & Hunger, J.D. (2012). *Concepts in strategic management and business policy: Toward global sustainability*. Pearson.
- Widodo, H., & Kustiawan, T. (2001). *Accounting & financial management for zakat management organizations*. Zakat Management Institute.
- Yafie, A. (1997). *Social theology: a critical study of religious and humanitarian issues*. LKPSM.
- Yafie, A. (2000). *Answering regarding Zakat, Infaq and Alms*. Jakarta: P.T. Raja Grafindo Persada